GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:373
ANSWERED ON:12.12.2016
Natural Gas Production from KG Basin
Jadhav Shri Prataprao Ganpatrao;Vasava Shri Mansukhbhai Dhanjibhai

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a). whether natural gas production from the Krishna Godavari (KG) Basin has declined during the last three years and the current year;
(b). if so, the details thereof along with the percentage of production in KG basin;
(c). whether the Government has ascertained the reasons and factors responsible for the said decline;
(d). if so, the details thereof along with action taken against those responsible and remedial measures taken/proposed to be taken by the Government in this regard; and
(e). the cost of the production of oil and gas in KG basin as compared to other oil and gas fields in the country?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DHARAMENDRA PRADHAN)
(a) to (e). A statement is laid on the Table of the House.
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STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (e) OF THE LOK SABHA STARRED QUESTION NO. 373 BY SHRI MANSUKHBHAI DHANJIBHAI VASAVA AND SHRI PRATAPRAO JADHAV TO BE ANSWERED ON 12.12.2016 REGARDING NATURAL GAS PRODUCTION FROM KG BASIN
(a) & (b). Natural gas production and its percentage contribution in domestic production in last three years i.e. from 2013-14 to 2015-16 and in current year from April-September, 2016 in Krishna-Godavari (KG) basin is as under:

2013-14	2014-15	2015-16	2016-17 (April- Sept 2016)
Gas Production (in MMSCM)	6775.56	5555.2	5165.22	2219.97
% contribution in domestic production	19.18%	16.49%	16.12%	14.12%

Note: MMSCM-Million Metric Standard Cubic Metre
(c) & (d). The main reasons for decline in natural gas production from KG basin are - water ingress and sand ingress in the wells, low flowing pressures and natural decline in Oil and Gas wells. The major decline was observed in KG-DWN-98/3 (KG-D6) block operated by M/s Reliance Industries Ltd. The gas production from D1 & D3 fields in this block is much less than the production rates approved in addendum to Initial Development Plan (AIDP). Government has issued notice for proportionate disallowance of cost of production facilities based on cumulative shortfall in gas production vis-Ã -vis AIDP targets, and on dated 03.06.2016, has disallowed an amount of US$ 2.756 Billion from the cumulative development cost incurred by the Contractor as on 31st March 2015. This disallowance was computed based on the cumulative shortfall in production of gas vis-a-vis production estimates under the approved AIDP till 31.03.2015. The additional profit petroleum payable to the Government by the contractor for the period up to FY 2014-15 is about US$ 246.9 Million. In the context of the Government's order on disallowance, the contractor has invoked arbitration clause of Production Sharing Contract.
(e). The production costs of companies vary from field to field depending upon size of the reservoir, location, logistics, availability of surface facilities etc. However, the cost of production of oil and gas including levies in Krishna Godavari (KG) basin as compared to other oil and gas fields including levies is given below:

	KG Basin	Other Basins
Crude Oil Production Cost (US$/bbl)	19.99 - 44.82	17.29 - 39.89
Natural Gas Production Cost (US$/mmbtu)	4.99 − 7.30	3.80 − 6.59

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